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**TOWN OF ELIZABETH  
ELIZABETH, LOUISIANA  
ANNUAL FINANCIAL STATEMENTS  
JUNE 30, 2007**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6/4/08

Town of Elizabeth  
Elizabeth, Louisiana

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Town of Elizabeth  
Elizabeth, Louisiana

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**ELLIOTT & ASSOCIATES, INC.**  
*A Professional Accounting Corporation*  
P. O. Box 1287  
Leesville, Louisiana 71496-1287

(337) 239-2535  
(337) 238-5135  
Fax 239-2295

W. Micheal Elliott, CPA

**INDEPENDENT AUDITOR'S REPORT**

The Honorable Robert Crafton, Mayor  
and Members of the Board of Aldermen  
Town of Elizabeth:

I have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Elizabeth, Louisiana, as of and for the year ended June 30, 2007, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Elizabeth, Louisiana's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business - type activities, and each major fund of the Town of Elizabeth, Louisiana, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and the fire fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Honorable Robert Crafton, Mayor  
Town of Elizabeth, Louisiana  
continued

In accordance with *Government Auditing Standards*, I have also issued my report dated December 30, 2007, on my consideration of the Town of Elizabeth, Louisiana's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of my audit.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Elizabeth, Louisiana's basic financial statements. The schedule of per diem paid to board members, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of per diem paid to board members has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in the all material respects in relation to the basic financial statements taken as a whole.

*Elliott & Assoc. "APAC"*  
Leesville, Louisiana  
December 30, 2007

**Town of Elizabeth  
Elizabeth, Louisiana**

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2007

This section of Town's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on June 30, 2007. Please read it in conjunction with the Town's financial statement, which follows this section. Comparative analysis will be provided in future years when prior year information is available.

**FINANCIAL HIGHLIGHTS**

- \* The Town's combined total net assets decreased by \$26,372 or 2.1% over the course of this year's operations. Net assets of our governmental activities decreased approximately \$64,329 or 19 % and increased approximately \$37,957 nearly 3.78% in the net assets of our business-type activities.
- \* During the year, the Town's governmental fund revenues were \$ 64,329 less than the \$ 413,981 generated in expenses, taxes and other revenues. In the Town's business-type activities, expenses were \$ 37,957 less than the \$ 1,400,204 generated in revenues.
- \* The general fund reported a \$64,047 fund balance for the year ended June 30, 2007.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts - managements' discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Town:

- \* The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status.
- \* The remaining statements are fund financial statements that focus on individual parts of the Town's government, reporting the Town's operations in more detail than the government-wide statements.
  - \* The governmental fund statements tell how general government services, like public safety, were financed in the short term as well as what remains for future spending.
  - \* Proprietary fund statements offer *short* and *long-term* financial information about the activities the government operated *like businesses*, such as water and sewer system.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with combining statements that provide details about our non major government funds, which are added together and presented in single columns in the basic financial statements.

The remainder of this overview section of the management's discussion and analysis explains the structure of contents of each of the statements.

**Town of Elizabeth  
Elizabeth, Louisiana**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2007

**Government-wide Statements**

The government-wide statements report information about the Town as whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net assets and how they have changes. Net assets – the difference between the Town's assets and liabilities – is one way to measure the Town's financial health, or position.

- \* Over time, increases or decreases in the Town's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- \* To assess the overall health of the Town you need to consider additional nonfinancial factors such as changes in the Town's property tax base and the condition of the Town's roads.

The government-wide financial statements of the Town are divided into two categories:

- \* Governmental activities - most of the Town's basic services are included here, such as the police, streets and drainage, sanitation and general administration. Property, sales taxes, franchise fees and interest finance most of these activities.
- \* Business - type activities – The Town charges fees to customers to help it cover the costs of certain services it provides. The Town's four utility systems are included here.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the Town's most significant funds - not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for particular purposes.

Some funds are required by State law and by bond covenants.

The Town has two kinds of funds:

- \* Governmental funds - Most of the Town's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.

**Town of Elizabeth  
Elizabeth, Louisiana**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2007

- \* Proprietary funds - Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-and-short-term financial information. In fact, the Town's enterprise funds (four types of proprietary funds) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

**FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE**

Net assets. The Town's combined net assets increased 13.78 percent between fiscal years June 30, 2006 and June 30, 2007 to \$1,904,623. (See Table A-1)

Table A-1  
Town's Net Assets  
June 30, 2007

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Current and other assets	\$271,794	\$ 152,154
Capital assets	660,451	2,033,085
Restricted Assets	<u>—</u>	<u>98,496</u>
<b>Total assets</b>	<b><u>932,245</u></b>	<b><u>2,283,735</u></b>
Current liabilities	3,098	126,708
Long term liabilities	<u>—</u>	<u>1,181,651</u>
<b>Total liabilities</b>	<b><u>3,098</u></b>	<b><u>1,308,359</u></b>
Net assets		
Invested in capital assets, net of related debt	660,451	859,237
Unrestricted	<u>268,796</u>	<u>116,139</u>
<b>Total net assets</b>	<b><u>\$929,247</u></b>	<b><u>\$975,376</u></b>

Net assets of the Town's governmental activities increased 3 percent to \$929,247. Net assets of the Town's business-type activities increased 3.90 percent to approximately \$975,376.

**Changes in net assets.** The Town's total revenues for the year ended June 30, 2007 were \$1,749,856. Approximately 77 percent of the Town's expenses come from its business-type activities and 23 percent comes from its governmental activities. (See Table A-2)

**Town of Elizabeth**  
**Elizabeth, Louisiana**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2007

**Governmental Activities**

Revenues for the Town's governmental activities totaled \$382,786. Approximately 18.3 percent of these revenues come from taxes and nominal amount comes from charges for services. Expenses for the Town's governmental activities totaled \$413,981. Approximately 70.30 percent of these expenses come from general government activities and 13.30 percent comes from public safety.

Table A-2  
**Changes in Town's Net Assets**  
**For the Year Ended June 30, 2007**

	Governmental Activities	Business-Type Activities
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 158,632	\$1,411,289
Operating grants and contributions	69,895	15,279
Capital grant and contributions	----	—
General revenues		
Taxes	63,891	—
Occupational Licenses and permits	18,771	—
Franchise fees	5,273	—
Interest income	5,626	669
Transfers in (net)	27,564	(27,564)
Other revenues (expenses)	---	531
<b>Total revenues</b>	<b>349,652</b>	<b>1,400,204</b>
<b>Expenses</b>		
General government	325,639	----
Public safety	55,208	—
Electric	—	465,463
Natural gas	—	764,464
Water	—	102,567
Sewer	—	29,753
<b>Total expenses</b>	<b>380,847</b>	<b>1,362,247</b>
 Increase (decrease) in net assets	 (31,195)	 37,957
 Beginning Net Assets	 <u>960,442</u>	 <u>937,419</u>
Ending Net Assets	<u><b>\$929,247</b></u>	<u><b>\$ 975,376</b></u>

**Town of Elizabeth  
Elizabeth, Louisiana**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2007

**Business-type Activities**

Revenues for the Town's business-type activities totaled \$1,400,224. Approximately 99 percent of these revenues come from charges for services. Expenses for the Town's business-type activities totaled \$1,362,247. Approximately 8 percent of these expenses come from water activities. 4 percent comes from sewer activities, 34 percent comes from electric and 54 percent comes from natural gas activities.

**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

As the Town completed the year, its governmental funds reported a combined fund balance of \$ 268,796 and decrease of 19.4 percent from last year. (net of PP & E)

**CAPITAL ASSETS**

At the end of June 30, 2007, the Town had invested \$2,693,536 in a broad range of capital assets, including police equipment, buildings, vehicles and water, gas and sewer systems. (See Table A-3) This amount represents a net increase (including additions and deductions) of \$779,802 or 36.40 percent, from last year.

**Table A-3  
Town's Capital Assets  
June 30, 2007 and 2006**

	<b>Governmental Activities</b>		<b>Business Activities</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Land and improvements	\$135,000	\$135,000	\$12,375	\$12,375
Buildings and improvements	526,019	516,419	—	—
Equipment	116,837	58,596	—	—
Office equipment	3,663	3,663	—	—
Vehicles	17,300	17,300	19,656	19,656
Water and Sewer Facility and System	—	—	2,123,789	2,123,789
Construction in Progress	128,201	128,201	735,412	23,451
Less: Accumulated depreciation	<u>(266,569)</u>	<u>(231,836)</u>	<u>(858,147)</u>	<u>(784,448)</u>
<b>Total</b>	<b><u>\$660,451</u></b>	<b><u>\$627,343</u></b>	<b><u>\$2,033,085</u></b>	<b><u>\$1,394,823</u></b>

**Town of Elizabeth  
Elizabeth, Louisiana**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2007

This year's major capital assets additions included:

711,961	Construction in progress-Martco trunk gas line extension
51,115	Trachoe
7,125	Trailer
<u>9,600</u>	Equipment Shed
<u>\$779,801</u>	

The construction in progress relates to the Town's completion of a new trunk line to sell natural gas to a new industrial customer north of Oakdale, LA. The project when completed will cost approximately \$800,000 and was financed in July 2006 by issuance of gas utility revenue bonds.

**LONG-TERM DEBT**

At the end of June 30, 2007, the Town had \$1,181,651 in long-term debt. (See Table A-4) This amount represents a net increase (including additions and deductions) of approximately \$627,636 or 113 percent, from last year. This increase is due primarily to the new gas revenue bond issued in fiscal year 2007 of \$655,000, the proceeds of which was used to construct a gas utility line to a large volume new industrial user.

**Table A-4  
Town's Long-term Debt  
June 30, 2007 and 2006**

	<b>Business Activities</b>	
	<b>2007</b>	<b>2006</b>
Gas Revenue Bonds	\$1,167,000	\$532,000
Water Revenue Bonds	---	3,186
Sewer Revenue Bonds	<u>14,651</u>	<u>18,829</u>
<b>Total</b>	<b><u>\$1,181,651</u></b>	<b><u>\$554,015</u></b>

**CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mayor Robert Crafton, P. O. Box 650, Elizabeth, LA 70638.

**Town of Elizabeth  
Elizabeth, Louisiana**

**BASIC FINANCIAL STATEMENTS**

**Town of Elizabeth  
Elizabeth, Louisiana**

Statement A

Statement of Net Assets  
June 30, 2007

	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business - type</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$197,812	\$ 147,893	\$ 345,705
Receivables:			
Franchise taxes	164	---	164
Accounts	2,999	74,588	77,527
Intergovernmental	552	---	552
Restricted assets	---	98,496	98,496
Due from other funds	70,267	( 70,267)	---
Capital assets, net	<u>660,451</u>	<u>2,033,085</u>	<u>2,693,536</u>
Total assets	<u>932,245</u>	<u>2,283,735</u>	<u>3,215,980</u>
<b>LIABILITIES</b>			
Accounts payable	1,341	\$67,170	68,511
Taxes payable	1,657	1,142	2,799
Accrued interest payable	---	4,552	4,552
Customer deposits	---	49,455	49,455
Current portion of revenue bonds	---	24,389	24,389
Revenue bonds payable-long-term	<u>---</u>	<u>1,161,651</u>	<u>1,161,651</u>
Total Liabilities	<u>3,098</u>	<u>1,308,359</u>	<u>1,311,457</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	660,451	859,237	1,519,688
Unrestricted	<u>268,796</u>	<u>116,139</u>	<u>384,935</u>
Total net assets	<u>\$929,247</u>	<u>\$975,376</u>	<u>\$1,904,623</u>

The accompanying notes are an integral part of this statement.

**Town of Elizabeth  
Elizabeth, Louisiana**

Statement B

Statements of Activities  
For the Year Ended June 30, 2007

Program Activities:	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Assets</u>		<u>Total</u>
		<u>Fees, fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Govern- mental Activities</u>	<u>Business- type Activities</u>	
General						
Government and administration	\$325,639	\$158,632	\$69,895	\$(97,112)	\$ 0	\$(97,112)
Public Safety	<u>55,208</u>	<u>0</u>	<u>0</u>	<u>(55,208)</u>	<u>0</u>	<u>(55,208)</u>
Total governmental activities	<u>380,847</u>	<u>158,632</u>	<u>69,895</u>	<u>(152,320)</u>	<u>0</u>	<u>(152,320)</u>
Business-type activities:						
All Utilities	<u>1,362,247</u>	<u>1,411,820</u>	<u>15,279</u>	<u>0</u>	<u>64,582</u>	<u>64,852</u>
Total government	<u>\$1,743,094</u>	<u>\$1,570,452</u>	<u>\$85,174</u>	<u>\$(152,320)</u>	<u>\$64,852</u>	<u>\$(87,468)</u>

General revenues:

Taxes:	63,891	0	63,891
Occupational licenses and permits	18,771	0	18,771
Franchise fees	5,273	0	5,273
Investment earnings	5,626	669	6,295
Transfers	<u>27,564</u>	<u>(27,564)</u>	<u>0</u>
Total general revenues and transfers	<u>121,125</u>	<u>(26,895)</u>	<u>94,230</u>
Change in net assets	(31,195)	37,957	6,762
Net assets at beginning of year	<u>960,442</u>	<u>937,419</u>	<u>1,897,861</u>
Net assets at end of year	<u>\$929,247</u>	<u>\$975,376</u>	<u>\$1,904,623</u>

The accompanying notes are an integral part of this statement.

**Town of Elizabeth  
Elizabeth, Louisiana**

Statement C

Balance Sheet  
Governmental Funds  
June 30, 2007

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Capital Impr.</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash investments	\$ 9,301	\$ 960	\$187,551	\$197,812
Receivables				
Franchise	164	0	0	164
Intergovernmental		552		552
Insurance rebates	2,999	0	0	2,999
Due from other funds	<u>62,413</u>	<u>0</u>	<u>16,000</u>	<u>78,413</u>
Total assets	<u>74,877</u>	<u>1,512</u>	<u>203,551</u>	<u>279,940</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	1,027	314	0	1,341
Deferred Revenue	0	0	0	0
Due to Other Funds	8,146			8,146
Taxes payable	<u>1,657</u>	<u>0</u>	<u>0</u>	<u>1,657</u>
Total Liabilities	<u>10,830</u>	<u>314</u>	<u>0</u>	<u>11,144</u>
<b>Fund Balances:</b>				
<b>Unreserved, reported in:</b>				
General Fund	64,047	0	0	64,047
Special revenue fund	0	1,198	0	1,198
Capital project fund	<u>0</u>	<u>0</u>	<u>203,551</u>	<u>203,551</u>
Total fund balances	<u>64,047</u>	<u>1,198</u>	<u>203,551</u>	<u>268,796</u>
Total liabilities and fund balances	<u>\$74,877</u>	<u>\$1,512</u>	<u>\$203,551</u>	<u>\$279,940</u>

The accompanying notes are an integral part of this statement.

**Town of Elizabeth  
Elizabeth, Louisiana**

Statement D

Reconciliation of the Governmental Funds Balance Sheet  
to Statement of Net Assets  
June 30, 2007

Total fund balance - total governmental funds		\$ 268,796
Cost of capital assets at June 30, 2007	\$927,020	
Less: Accumulated depreciation as of June 30, 2007	<u>(266,569)</u>	660,451
Long-term liabilities at June 30, 2007		
Bonds payable	----	
Accrued interest payable	<u>-----</u>	
		<u>-----</u>
Net assets at June 30, 2007-governmental activities		<u>\$929,247</u>

The accompanying notes are an integral part of this statement.

**Town of Elizabeth  
Elizabeth, Louisiana**

Statement E

Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2007

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Capital Impr.</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes:				
Ad Valorem	\$ 8,424	\$ ---	\$ ---	\$ 8,424
Franchise	5,273	0	---	5,273
Sales	42,626	10,516	---	53,142
Intergovernmental:				
Federal grants -	---	---	---	---
State and local grants	69,895			69,895
Occupational licenses and permits	18,771			18,771
Utility sales taxes	2,325	---	---	2,325
Rent Income	79,258	---	---	79,258
Public Support	---	800	---	800
Interest income	80	---	5,546	5,626
Other revenues	<u>8,108</u>	<u>132</u>	<u>70,334</u>	<u>78,574</u>
Total revenues	<u>234,760</u>	<u>11,448</u>	<u>75,880</u>	<u>322,088</u>
Expenditures				
General government	290,545	---	362	290,907
Public Safety	43,505	11,703	---	55,208
Capital Outlay	---	---	<u>67,866</u>	<u>67,866</u>
Total Expenditures	<u>334,050</u>	<u>11,703</u>	<u>68,228</u>	<u>413,981</u>
Excess (deficiency) of revenues over expenditures	<u>(99,290)</u>	<u>(255)</u>	<u>7,652</u>	<u>(91,893)</u>
Other financing sources (uses)				
Transfer in	28,764	---		28,764
Transfer Out	<u>(1,200)</u>	<u>(---</u>		<u>(1,200)</u>
Total other financing sources (uses)	<u>27,564</u>	<u>---</u>	<u>---</u>	<u>27,564</u>
Net change in fund balances	(71,726)	(255)	7,652	(64,329)
Fund Balances at beginning of year	<u>135,773</u>	<u>1,453</u>	<u>195,899</u>	<u>333,125</u>
Fund Balances at end of year	<u>\$ 64,047</u>	<u>\$ 1,198</u>	<u>\$203,551</u>	<u>\$268,796</u>

The accompanying notes are an integral part of this statement.

**Town of Elizabeth  
Elizabeth, Louisiana**

Statement F

Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balance of Governmental Funds to the  
Statement of Activities  
For the Year Ended June 30, 2007

Net Change in fund balances total governmental funds	\$(64,329)
--	------------

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	67,866
---	--------

Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	<u>(34,732)</u>
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Change in net assets of governmental activities	<u>\$(31,195)</u>
---	-------------------

The accompanying notes are an integral part of this statement.

**Town of Elizabeth  
Elizabeth, Louisiana**

**GENERAL FUND**

Statement G

Statement of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	<u>Differences</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Over (under)</u>
Revenues				
Taxes:				
Ad Valorem	\$ 8,000	\$ 8,000	\$ 8,424	\$ 424
Franchise	6,000	5,500	5,273	(227)
Sales	42,000	42,000	42,626	626
Intergovernmental:				
State and local grants	60,000	70,000	69,895	(105)
Occupational licenses and permits	18,000	18,000	18,771	771
Utility sales taxes	2,300	2,300	2,325	25
Rent Income	65,000	75,000	79,258	4258
Interest income	----	----	80	80
Other revenues	<u>10,000</u>	<u>9,000</u>	<u>8,108</u>	<u>(892)</u>
Total revenues	<u>211,300</u>	<u>229,800</u>	<u>234,760</u>	<u>4,960</u>
Expenditures				
General government	255,000	290,500	290,545	( 45)
Public Safety	32,000	42,000	43,505	(1,505)
Capital Outlay	-----	-----	-----	-----
Total Expenditures	<u>287,000</u>	<u>332,500</u>	<u>334,050</u>	<u>(1,550)</u>
Excess (deficiency) of revenues over expenditures	<u>(75,700)</u>	<u>(102,700)</u>	<u>(99,290)</u>	<u>3,410</u>
Other financing sources (uses)				
Transfer in	30,000	30,000	28,764	(1,236)
Transfer Out	<u>( 1,200)</u>	<u>(1,200)</u>	<u>(1,200)</u>	<u>-----</u>
Total other financing sources uses)	<u>28,800</u>	<u>28,800</u>	<u>27,564</u>	<u>( 1,236)</u>
Net change in fund balances	(46,900)	(73,900)	(71,726)	(2,174)
Fund Bal. at beginning of year	<u>135,773</u>	<u>135,773</u>	<u>135,773</u>	<u>-----</u>
Fund Balances at end of year	<u>\$ 88,873</u>	<u>\$ 61,873</u>	<u>\$ 64,047</u>	<u>\$ 2,174</u>

The accompanying notes are an integral part of this statement.

**Town of Elizabeth  
Elizabeth, Louisiana**

**FIRE FUND**

Statement H

Statement of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	<u>Difference</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Over (under)</u>
Revenues				
Taxes:				
Sales	\$ 9,500	\$10,800	\$ 10,516	\$(284)
Intergovernmental:				
Other revenues	<u>      </u>	<u>      </u>	<u>932</u>	<u>932</u>
Total revenues	<u>9,500</u>	<u>10,800</u>	<u>11,448</u>	<u>648</u>
Expenditures				
Public Safety	<u>10,000</u>	<u>11,500</u>	<u>11,703</u>	<u>(203)</u>
Total Expenditures	<u>10,000</u>	<u>11,500</u>	<u>11,703</u>	<u>(203)</u>
Excess (deficiency) of revenues over expenditures	<u>(500)</u>	<u>(700)</u>	<u>(255)</u>	<u>445</u>
Fund Balances at beginning of year	<u>1,453</u>	<u>1,453</u>	<u>1,453</u>	<u>—</u>
Fund Balances at end of year	<u>\$ 953</u>	<u>\$ 753</u>	<u>\$ 1,198</u>	<u>\$ 445</u>

The accompanying notes are an integral part of this statement.

**Town of Elizabeth  
Elizabeth, Louisiana**

Statement of Net Assets  
Proprietary Funds  
June 30, 2007

	Business - Type Activities - Enterprise Fund	
	<u>Gas</u>	<u>Water</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash investments	\$ 13,053	\$ 13,351
Receivable:		
Due from other funds	2,286	---
Accounts	31,205	4,311
Total current assets	<u>46,544</u>	<u>17,662</u>
Noncurrent Assets		
Restricted cash and cash investments	63,732	34,764
Capital assets, net	<u>1,235,481</u>	<u>528,386</u>
Total noncurrent assets	<u>1,299,213</u>	<u>563,150</u>
Total assets	<u>1,345,757</u>	<u>580,812</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	25,108	492
Payroll taxes payable	1,142	---
Due to other funds	<u>65,811</u>	<u>9,600</u>
Total current liabilities	<u>92,061</u>	<u>10,092</u>
Liabilities payable from restricted assets		
Accrued interest payable	4,521	---
Customer deposits	6,751	1,768
Revenue bonds payable	<u>20,000</u>	<u>---</u>
Total liabilities payable from restricted assets	<u>31,272</u>	<u>1,768</u>
Noncurrent Liabilities		
Revenue bonds payable	<u>1,147,000</u>	<u>---</u>
Total Liabilities	<u>1,270,333</u>	<u>11,860</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	68,481	528,386
Unrestricted	<u>6,943</u>	<u>40,566</u>
Total net assets	<u>\$ 75,424</u>	<u>\$568,952</u>

The accompanying notes are an integral part of this statement.

**Town of Elizabeth  
Elizabeth, Louisiana**

Statement I

Business - Type Activities Enterprise Fund		
<u>Electric</u>	<u>Sewer</u>	<u>Totals</u>
\$119,415	\$ 2,074	\$ 147,893
5,286		7,572
<u>37,201</u>	<u>1,811</u>	<u>74,528</u>
<u>161,902</u>	<u>3,885</u>	<u>229,993</u>
-----	—	98,496
<u>64,673</u>	<u>204,545</u>	<u>2,033,085</u>
<u>64,673</u>	<u>204,545</u>	<u>2,131,581</u>
<u>226,575</u>	<u>208,430</u>	<u>2,361,574</u>
40,813	757	67,170
—	—	1,142
----	<u>2,428</u>	<u>77,839</u>
<u>40,813</u>	<u>3,185</u>	<u>146,151</u>
—	31	4,552
40,936	—	49,455
—	<u>4,389</u>	<u>24,389</u>
<u>40,936</u>	<u>4,420</u>	<u>78,396</u>
—	<u>14,651</u>	<u>1,161,651</u>
<u>81,749</u>	<u>22,256</u>	<u>1,386,198</u>
64,673	197,697	859,237
<u>80,153</u>	<u>(11,523)</u>	<u>116,139</u>
<u>\$144,826</u>	<u>\$186,174</u>	<u>\$ 975,376</u>

**Town of Elizabeth  
Elizabeth, Louisiana**

Statement of Revenues, Expenses and Changes in Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2007

	Business - Type Activities	
	Enterprise Fund	
	Gas	Water
Operating revenues		
Charges for services	\$ 788,828	\$ 77,177
Other fees	—	531
Miscellaneous	—	—
Total Revenue	<u>788,828</u>	<u>77,708</u>
Operating expenses		
Personal services	48,146	37,417
Utilities and telephone	67,859	10,909
Electric/Gas purchases	552,219	—
Repairs	804	138
Office expense/Advertising	520	—
Insurance	7,809	—
Miscellaneous	5,573	944
Truck Expense	890	492
Professional Fees	—	—
Material and Supplies	4,011	6,777
Training costs	—	—
Contract labor	—	10,375
Depreciation and amortization	24,114	34,820
Total operating expenses	<u>711,945</u>	<u>101,872</u>
Income (loss) from operations	<u>76,883</u>	<u>(24,164)</u>
Nonoperating revenues (expenses)		
Investment income	56	—
Interest expense	(52,519)	(695)
Grant income	15,279	—
Total nonoperating revenues (expenses)	<u>(37,184)</u>	<u>(695)</u>
Income (loss) before contributions and transfers	<u>39,699</u>	<u>(24,859)</u>
Transfers Out	(8,264)	(19,600)
Transfers in	<u>33,500</u>	—
Net Transfers	<u>25,236</u>	<u>(19,600)</u>
Change in net assets	64,935	(44,459)
Net Assets at beginning of year	<u>10,489</u>	<u>613,411</u>
Net Assets at end of year	<u>\$ 75,424</u>	<u>\$ 568,952</u>

The accompanying notes are an integral part of this statement.

**Statement J**

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**Town of Elizabeth  
Elizabeth, Louisiana**

Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2007

	Business - Type Activities	
	<u>Enterprise Fund</u>	
	<u>Gas</u>	<u>Water</u>
Cash flows from operating activities:		
Cash received from customers	\$ 764,501	\$ 79,284
Cash payments to suppliers		
For goods and services	(605,989)	(27,395)
Cash payments to employees for services	<u>(47,006)</u>	<u>(37,417)</u>
Net cash provided by operating activities	<u>111,506</u>	<u>14,472</u>
Cash flows from noncapital financing activities:		
Transfers from other funds	<u>25,236</u>	<u>(19,600)</u>
Net cash provided by noncapital financing activities	<u>25,236</u>	<u>(19,600)</u>
Cash flows from capital and related		
financing activities:		
Acquisition and construction of capital assets	(711,961)	----
Interest paid on bonds	(50,215)	(735)
Retirement of bonds	----	----
Proceeds from bond	655,000	----
Repayment of indebtedness	<u>----</u>	<u>(3,186)</u>
Net cash (used) by capital and related financing activities	<u>(107,176)</u>	<u>(3,921)</u>
Cash flow from investing activities:		
Interest on cash and investments	<u>56</u>	<u>-----</u>
Net increase (decrease) in cash and cash investments	29,622	(9,049)
Cash and Cash investments, July 1, 2006	<u>47,163</u>	<u>57,164</u>
Cash and Cash investments, June 30, 2007	<u>\$ 76,785</u>	<u>\$ 48,115</u>

The accompanying notes are an integral part of this statement.

**Town of Elizabeth  
Elizabeth, Louisiana**

Statement K

Business - Type Activities Enterprise Fund		
<u>Electric</u>	<u>Sewer</u>	<u>Totals</u>
\$ 518,609	\$ 18,005	\$ 1,380,399
(399,959)	(13,217)	(1,046,560)
<u>(52,125)</u>	<u>(1,283)</u>	<u>(137,831)</u>
<u>66,525</u>	<u>3,505</u>	<u>196,008</u>
<u>( 33,400)</u>	<u>200</u>	<u>(27,564)</u>
<u>( 33,400)</u>	<u>200</u>	<u>(27,564)</u>
----	---	(711,961)
613	211	(50,126)
----	---	----
----	---	655,000
<u>----</u>	<u>(5,348)</u>	<u>(8,534)</u>
<u>613</u>	<u>(5,137)</u>	<u>(115,621)</u>
<u>----</u>	<u>---</u>	<u>56</u>
33,738	(1,432)	52,879
<u>85,677</u>	<u>3,506</u>	<u>193,510</u>
<u>\$ 119,415</u>	<u>\$ 2,074</u>	<u>\$ 246,389</u>

(Continued)

**Town of Elizabeth**  
**Elizabeth, Louisiana**

Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2007

	Business - Type Activities	
	<u>Enterprise Fund</u>	
	<u>Gas</u>	<u>Water</u>
Reconciliation of (loss) from operations to net cash provided by operating activities:		
Income from operations	\$56,644	\$(24,164)
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:		
Depreciation	17,681	34,824
Amortization	9,006	
Change in assets and liabilities:		
Increase (Decrease) in accounts receivable	(24,329)	----
Increase (Decrease) in other current liabilities	1,140	----
Increase (Decrease) in Due from other funds	50,814	9,600
Increase (Decrease) in accounts payable	1,009	(696)
Increase (Decrease) in customer deposits	(459)	(6,954)
Increase (Decrease) in other assets	-----	1,862
Net Cash provided by operating activities	<u>\$111,506</u>	<u>\$14,472</u>

The accompanying notes are an integral part of this statement.

**Town of Elizabeth  
Elizabeth, Louisiana**

Statement K

Business - Type Activities Enterprise Fund		
<u>Electric</u>	<u>Sewer</u>	<u>Totals</u>
\$ 61,753	\$(6,306)	\$ 87,927
4,277	10,489	67,271
----	----	9,006
(8,607)	(65)	(33,001)
( 77)	----	1,063
( ----)	----	60,414
9,179	(613)	8,879
----	----	(7,413)
----	----	1,862
<u>\$ 66,525</u>	<u>\$ 3,505</u>	<u>\$196,008</u>

(Concluded)

**Town of Elizabeth  
Elizabeth, Louisiana  
Notes to the Financial Statements  
For the Year Ended June 30, 2007**

## INTRODUCTION

The Town of Elizabeth was incorporated under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government.

The accounting and reporting policies of the Town of Elizabeth conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The Town maintains various funds that provide services and benefits to its citizens including repairs and maintenance of approximately 15 miles of road and streets, and water, sewer, and garbage collection services to approximately 300 residents.

### I. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

#### A. Government - Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**Town of Elizabeth  
Elizabeth, Louisiana  
Notes to the Financial Statements  
For the Year Ended June 30, 2007**

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the funds financial statements.

**A. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

The General Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Notes to the Financial Statements (Continued)**

The municipality reports the following major proprietary fund:

The Proprietary Fund accounts for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expense incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Town operates proprietary funds for the gas, electric, sewer, and water operations. The gas operations began in late May 2004 when the Town purchased a natural gas distribution system from a private enterprise.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government - wide and proprietary fund financial statements to the extent that those standards do no conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type

**Town of Elizabeth  
Elizabeth, Louisiana  
Notes to the Financial Statements  
For the Year Ended June 30, 2007**

activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of inter fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Charges for services of providing water and sewer services to residents comprise the operating revenue of the Town's enterprise fund. Operating expenses for enterprise funds and internal service funds include the costs of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses are not meeting this definition are reported as non operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the municipality's policy to use restricted resources first, then unrestricted resources as they are needed.

**C. Deposits and Investments**

The municipality's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the municipality's investment policy allow the municipality to invest in collateralized certificated of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

**D. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter fund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible.

Water and sewer charges have customer deposits that have been collected in advance therefore the majority

**Town of Elizabeth  
Elizabeth, Louisiana  
Notes to the Financial Statements  
For the Year Ended June 30, 2007**

of all water and sewer billing is collected or taken out of this customer's deposit, any allowance account would be immaterial, therefore one has not been established.

**E. Restricted Assets**

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

Bond reserve fund - The Waterworks Revenue Bonds dated March 15, 1968, require that a reserve fund be established. Money in these accounts is used to pay the maturing principal and interest on the bonds.

Depreciation and contingency fund - The Waterworks Revenue Bonds dated March 15, 1968, require that a depreciation and contingency fund be established. Money in this account is used for extensions, additions, improvements and replacements necessary to properly operate the system.

Cash collected from utility fund customers as deposits against future utility bills are classified as restricted assets and are held by the Town in a custodial cash account entitled "Customer Deposits."

**F. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$1,000 or more for capitalizing capital assets.

According to GASB 34 the Town of Elizabeth was not required to retroactively report infrastructure assets in its financial statements, therefore, these assets have not been reported in the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense included during the current fiscal year was \$17,460. No interest expense was included as part of the cost of capital assets under construction in connection projects.

**Town of Elizabeth  
Elizabeth, Louisiana  
Notes to the Financial Statements  
For the Year Ended June 30, 2007**

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Roads, bridges, and infrastructures	40-50 years
Land improvements	40-50 years
Buildings and building improvements	40-50 years
Furniture and fixtures	5-15 years
Vehicles	5-10 years
Equipment	3-15 years

**G. Compensated Absences**

The Town requires all employees to take vacations currently. Therefore, any accumulated vacation pay would be less than a year's accrual. Additionally, sick leave is not accumulated.

**H. Long-Term Obligations**

In the government-wide financial statements, and the proprietary funds types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**I. Fund Equity**

In the fund financial statement, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balances represent tentative management plans that are subject to change.

**J. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or event within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

**K. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at

**Town of Elizabeth  
Elizabeth, Louisiana  
Notes to the Financial Statements  
For the Year Ended June 30, 2007**

the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Budget Information the Town uses the following budget practices:

1. The Town Clerk and Mayor prepare a proposed budget and submit same to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after the publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize an implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen. These amended amounts are shown in the financial statements.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. The budgets for the General Fund and Special Revenue Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen.

**3. CASH AND CASH EQUIVALENTS**

Under State law, the Town may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in United States bonds, treasury notes, time certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, investments as stipulated in state law, or any other federally insured investment.

At June 30, 2007, the Town had cash and investments as follows:

	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>TOTAL</u>
Cash (demand deposits) and Certificate of deposit	<u>\$345,705</u>	<u>\$ 98,496</u>	<u>\$ 444,201</u>

**Town of Elizabeth  
Elizabeth, Louisiana  
Notes to the Financial Statements  
For the Year Ended June 30, 2007**

At year end, the carrying amount of the Town's deposits (demand deposits and certificates of deposit) was \$ 444,201 and bank balances were \$ 498,363. A summary of collateralization of bank balances is presented below.

Insured (Federal deposit insurance)	\$200,000
Uncollateralized (In accordance with GAAP - See below)	<u>298,463</u>
	<u>\$498,463</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge or securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times at least equal the amount on deposit with the fiscal agent.

**3. CASH AND CASH EQUIVALENTS (CONTINUED)**

The uncollateralized amount shown above is secured by pledged securities with a market value of \$312,433 held in the name of the pledging fiscal agent banks in holding or custodial banks. Even though the pledged securities are considered uncollateralized under GAAP, Louisiana Revised Statutes impose a statutory requirement on the custodial bank to advertise and sell the pledge securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

**4. AD VALOREM**

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

For the year ended June 30, 2007, taxes of 6.63 mills were levied on property with an assessed valuation of \$1,138,432 and were dedicated to general corporate purposes.

Total taxes levied were \$7,547. Furthermore, collections of delinquent taxes and other adjustments resulted in total collections of \$8,424. Taxes receivable at June 30, 2007, consisted of the following:

Taxes receivable - current roll	\$ —
Taxes receivable - prior years	<u>—</u>
	<u>—</u>
Allowance for uncollectible taxes	<u>—</u>
	<u>\$ —</u>

**Town of Elizabeth  
Elizabeth, Louisiana  
Notes to the Financial Statements  
For the Year Ended June 30, 2007**

**5. RECEIVABLES**

The receivables of \$78,242 at June 30, 2007 are as follows:

<u>Class</u>	<u>Fire</u>	<u>General Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
Franchise	\$ —	\$ 164	\$ —	\$ 164
Charges for service	—	2,999	74,527	77,526
Intergovernmental	<u>552</u>	<u>—</u>	<u>—</u>	<u>552</u>
Total	<u>\$552</u>	<u>\$3,163</u>	<u>\$74,527</u>	<u>\$78,242</u>

**6. INTERFUND RECEIVABLES/PAYABLES**

At June 30, 2007, the following interfund receivables and payables existed:

<u>Due To:</u>	<u>General Fund</u>	<u>Gas Fund</u>	<u>Due From:</u>		<u>Sewer Fund</u>	<u>Totals</u>
Capital Impr. Fund	\$1,000	\$15,000	\$ —	—	\$ —	\$ 16,000
Gas Fund	2,288	—	—	—	—	2,288
Electric Fund	4,858	—	—	—	4288	5,286
General Fund	—	<u>50,813</u>	<u>9,600</u>	—	<u>2,000</u>	<u>62,413</u>
Totals	<u>\$8,146</u>	<u>\$65,813</u>	<u>\$9,600</u>	—	<u>\$2,428</u>	<u>\$ 85,987</u>

**Town of Elizabeth  
Elizabeth, Louisiana  
Notes to the Financial Statements  
For the Year Ended June 30, 2007**

**7. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2007, for the primary government is as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated				
Construction in progress	\$128,201	\$ ---	\$ -----	\$128,201
Land	<u>115,000</u>	<u>---</u>	<u>---</u>	<u>115,000</u>
Total capital assets, not being				
Depreciated	<u>243,201</u>	<u>---</u>	<u>---</u>	<u>243,201</u>
Capital assets being depreciated				
Vehicles	17,300	---	---	17,300
Office Equipment	3,663	---	---	3,663
Buildings	516,419	9,600	---	526,019
Land Improvements	20,000	---	---	20,000
Equipment	<u>58,596</u>	<u>58,241</u>	<u>---</u>	<u>116,837</u>
Total capital assets being depreciated	<u>615,978</u>	<u>67,841</u>	<u>---</u>	<u>683,819</u>
Less accumulated depreciation for:				
Vehicles	(5,260)	(3,460)	---	(8,720)
Office Equipment	(2,198)	(733)	---	(2,931)
Buildings	(178,497)	(13,425)	---	(191,922)
Land Improvements	(20,000)	---	---	(20,000)
Equipment	<u>(25,881)</u>	<u>(17,115)</u>	<u>---</u>	<u>(42,996)</u>
Total accumulated depreciation	<u>(231,836)</u>	<u>(34,733)</u>	<u>---</u>	<u>(266,569)</u>
 Total capital assets, net	 <u>\$627,343</u>	 <u>\$33,108</u>	 <u>\$ ---</u>	 <u>\$660,451</u>

**Town of Elizabeth  
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Notes to the Financial Statements  
For the Year Ended June 30, 2007**

**7. CAPITAL ASSETS (continued)**

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 12,375	\$ ----	\$ ---	\$ 12,375
Construction in progress	<u>23,451</u>	<u>711,961</u>	<u>---</u>	<u>735,412</u>
Total capital assets, not being				
Depreciated	<u>35,826</u>	<u>711,961</u>	<u>---</u>	<u>747,787</u>
Capital assets being depreciated				
Plant and Equipment	2,123,789	----	---	2,123,789
Autos and trucks	<u>19,656</u>	<u>----</u>	<u>---</u>	<u>19,656</u>
Total capital assets being depreciated	<u>2,143,445</u>	<u>----</u>	<u>---</u>	<u>2,143,445</u>
Less accumulated depreciation for:				
All depreciable assets	<u>(784,448)</u>	<u>(73,699)</u>	<u>---</u>	<u>(858,147)</u>
Total business-type assets, net	<u>\$1,394,823</u>	<u>\$638,262</u>	<u>\$---</u>	<u>\$2,033,085</u>

Depreciation expense of \$ 108,438, for the year ended June 30, 2007, was charged to the following governmental functions:

General administration	\$ 34,733
Business-type activities	<u>73,699</u>
Total	<u>\$ 108,432</u>

**8. LONG-TERM OBLIGATIONS**

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2007:

	<u>Gas Revenue Bonds</u>	<u>Water Revenue Bonds</u>	<u>Sewer Revenue Bonds</u>	<u>Totals</u>
Current Portion	\$ 20,000	\$ ---	\$ 4,389	\$ 24,389
Long-term portion	<u>1,147,000</u>	<u>---</u>	<u>10,262</u>	<u>1,157,262</u>
Total	<u>\$1,167,000</u>	<u>\$---</u>	<u>\$14,651</u>	<u>\$1,181,651</u>

The following activity occurred during the fiscal year ended June 30, 2007:

Bonds Payable - 6/30/06	\$532,000	\$3,186	\$18,829	\$554,015
Additions	655,000	---	---	655,000
Bonds Retired	<u>( 20,000)</u>	<u>(3,186)</u>	<u>(4,178)</u>	<u>(27,364)</u>
Bonds Payable -6/30/07	<u>\$1,167,000</u>	<u>\$---</u>	<u>\$14,651</u>	<u>\$1,181,651</u>

During the year ended June 30, 2007, the Town borrowed \$655,000 in taxable gas utility revenue bonds for the purpose of constructing a gas line to a large volume industrial user. This user guaranteed sufficient gas volume usage to service the new debt.

The bonds were issued at a rate of 4.375% payable over a 30 year term with only an interest payment in fiscal year

**Town of Elizabeth  
Elizabeth, Louisiana  
Notes to the Financial Statements  
For the Year Ended June 30, 2007**

2007 and principal and interest payments thereafter until July 21, 2036 in the amount of \$40,215.

The Town has three revenue bond issues outstanding as follows:

\$ 85,000 Sewer Revenue Bonds dated February 28, 1975; due in annual installments of \$ 5,136 through June 7, 2011; interest at 5%; secured by sewer revenues	\$14,651
\$ 655,000 Gas Revenue Bonds dated 2006; due in annual installments of \$40,215 through June 2036; interest at 4.375% secured by gas revenues	655,000
\$ 568,000 Gas Revenue Bonds dated May 24, 2004; due in annual installments of \$ 42,000 to \$ 48,000 through June 1, 2025; interest at 5%; secured by gas revenues.	<u>512,000</u>
Totals	<u>\$ 1,181,651</u>

The annual requirements to amortize all revenue bonds outstanding as of June 30, 2007, including interest payments of \$ 766,257 are as follows:

<u>Year Ending</u>	<u>Sewer Revenue Bonds</u>	<u>Gas Revenue Bonds</u>	<u>USDA Bonds</u>	<u>Totals</u>
2008	\$ 5,136	\$ 45,600	\$40,302	\$ 91,038
2009	5,136	44,600	40,302	90,038
2010	5,136	47,600	40,302	93,038
2011	938	46,400	40,302	87,640
2012		45,200	40,302	85,502
2013-2017		230,000	201,511	431,511
2018-2022		223,400	201,511	424,911
2023-2027		80,000	201,511	281,511
2028-2032			201,511	201,511
2033-2037			<u>161,208</u>	<u>161,208</u>
	<u>\$ 16,346</u>	<u>\$762,800</u>	<u>\$1,168,762</u>	<u>\$1,947,908</u>

**Town of Elizabeth  
Elizabeth, Louisiana**

**SUPPLEMENTAL INFORMATION**

**Town of Elizabeth  
Elizabeth, Louisiana**

Schedule 1

**Schedule of Per Diem Paid to Board Members  
Year Ended June 30, 2007**

<u>Board Member</u>	<u># Of Meetings</u>	<u>Total Paid</u>
Robert Crafton, Mayor	12	\$7,800
Nettie Clark, Alderwoman	12	720
Michael Melder, Alderman	12	720
Michael Sutton, Alderman	12	720
Alan Ware, Alderman	12	720
Shirley Smith, Alderwoman	12	<u>720</u>
		\$11,400

**Town of Elizabeth  
Elizabeth, Louisiana**

**Other Report Required by Government Auditing Standards**

**ELLIOTT & ASSOCIATES, INC.**  
*A Professional Accounting Corporation*  
P. O. Box 1287  
Leesville, Louisiana 71496-1287

(337) 239-2535  
(337) 238-5135  
Fax 239-2295

W. Micheal Elliott, CPA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Robert Crafton, Mayor  
And the Members of the Board of Aldermen  
Town of Elizabeth, Louisiana

I have audited the financial statements of the Town of Elizabeth as of and for the year ended June 30, 2007, and have issued my report thereon dated December 30, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements of Town of Elizabeth as of and for the year ended June 30, 2007 in accordance with auditing standards generally accepted in the United States of America, I considered Town of Elizabeth's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Elizabeth's basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and the Mayor and Council members, state awarding agencies and the Legislative Auditor's office of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by Legislative Auditor as a public document.

*Elliott & Assoc. "APAC"*  
Leesville, Louisiana  
December 31, 2007

Town of Elizabeth  
Elizabeth, Louisiana

Schedule 2

Schedule of Prior Year Audit Findings  
Year Ended June 30, 2007

Findings- Financial Statement Audit

There were no prior year audit findings.